UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

Annual Compliance Report, 2015   Docket No. ACR2015

CHAIRMAN'S INFORMATION REQUEST NO. 16

(Issued February 22, 2016)

To clarify the basis of the Postal Service's estimates in its FY 2015 Annual Compliance Report, filed December 29, 2015,[1] the Postal Service is requested to provide written responses to the following requests and questions. Answers should be provided to the requests and individual questions as soon as they are developed, but no later than February 29, 2016.

1.   In its response to Chairman's Information Request No. 12, the Postal Service states that the Flat Recognition Improvement Program (FRIP) has improved address recognition rates and reduced error rates.[2] However, as shown in the table below, acceptance rates for Standard Mail Flats have decreased since FY 2013.

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[1] United States Postal Service FY 2015 Annual Compliance Report, December 29, 2015.

[2] Responses of the United States Postal Service to Questions 2-5, 7, 9, 11 and 13-17 of Chairman's Information Request No. 12, February 17, 2016, question 13 (Response to CHIR No. 12).

Flats Accept Rates FY 2013-FY 2015				
		FY 2013	FY 2014	FY 2015
Automated Flats Sorting Machine 100	OP	96.88%	96.80%	96.42%
	OS	96.93%	97.05%	96.67%
	MMP	97.63%	97.61%	97.46%
	SCF	97.56%	97.53%	97.35%
Flats Sequencing System (FSS)		90.35%	89.69%	89.32%
Sources: Docket No. ACR2013, Library Reference USPS–FY13–11, December 27, 2013, Excel file "USPS-FY13-11.STD.ACR.PRC.xls," "ACCEPT RATES" tab; Docket No. ACR2014, Library Reference USPS–FY14–11, December 29, 2014, Excel file "USPS-FY14-11 STD_flats.xls," "ACCEPT RATES" tab; and Library Reference USPS–FY15–11, December 29, 2015, Excel file "USPS-FY15-11 STD flats.xls," "ACCEPT RATES" tab.				

a. Please describe all factors that reduced acceptance rates from FY 2013 to FY 2015 and explain how each factor offset the improvements realized from the FRIP.

b. Please provide the sources used to develop the savings estimates provided in Response to CHIR No. 12, question 13.

2. In its revised response to Chairman's Information Request No. 12, question 11, the Postal Services states that "the Postal Service has the processing duration scores of FSS scheme mail, as well as such scores for mail that is not prepared as FSS scheme."[3]

a. Please explain how a processing score differs from a service performance score.

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[3] Notice of the United States Postal Service of Filing a Revised Response to Question 11 of Chairman's Information Request No. 12 -- Errata, February 18, 2016, question 11.

b. Please provide the processing scores for FSS scheme mail.

c. Please provide the processing scores for mail that is not prepared as FSS scheme.

d. What percentage of flat-shaped mail is measured in the Seamless Acceptance and Service Performance (SASP) and Business Intelligence Data Storage (BIDS) systems?

e. Please confirm that the SASP and BIDS systems will continue to measure FSS scheme and non-FSS scheme mail processing scores in future years.

3. In its response to Chairman's Information Request No. 6, the Postal Service states that it used partial year transportation cost data in its calculation of cost per mile because the data for quarter 1 (Q1) of the fiscal year is unreliable.[4] The Postal Service explains that "[a]dditional ad hoc transportation is purchased during Q1 to accommodate the additional volume, but the miles for ad hoc transportation are not recorded reliably…." Response to CHIR No. 6, question 22a(i)-(iii).

a. Please describe the obstacles that prevent the Postal Service from reliably recording miles for ad hoc transportation.

b. Please discuss whether the Postal Service has plans to improve its ability to reliably record miles for ad hoc transportation.

i. If the Postal Service has plans to improve its ability to reliably record miles for ad hoc transportation, please describe the steps the Postal Service plans to take and explain how these steps will improve its ability to reliably record miles for ad hoc transportation.

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[4] Responses of the United States Postal Service to Questions 5-7, 9-10, 12, and 17-28 of Chairman's Information Request No. 6, January 29, 2016, question 22a(i)-(iii) (Response to CHIR No. 6).

ii.   If the Postal Service does not have plans to improve its ability to reliably record miles for ad hoc transportation, please provide whether the Postal Service intends to investigate this matter and develop such a plan.

4.   The following table, developed using data in Library Reference USPS–FY15–31, December 29, 2015, Excel file "FY15.B.Public.xls," contains FY 2015 unit cost information for First-Class Single-Piece and Presort Flats.

FY 2015 First-Class Flat Unit Costs				
First-Class Flats	**Cost Segment 3**	**Cost Segment 6**	**Cost Segment 14**	**Total Unit Cost**
Single-Piece Flats	36.11	6.24	15.65	94.57
Presort Flats	35.72	11.63	10.24	91.47

a.   Please explain why the unit attributable cost for First-Class Single-Piece Flats was 3.1 cents higher than the unit attributable cost for First-Class Presort Flats, including:

i.   Why the Cost Segment 3 (mail processing) unit attributable cost of First-Class Presort Flats was only 0.4 cents lower than the Cost Segment 3 unit attributable cost of First-Class Single-Piece Flats.

ii.   Why the Cost Segment 6 (City Carrier In-Office) unit attributable cost for First-Class Presort Flats was 5.4 cents higher than the Cost Segment 6 unit attributable cost for First-Class Single-Piece Flats.

b.   Please explain what costs are avoided when First-Class Flats are entered as Presort instead of Single-Piece mail.

By the Acting Chairman.

Robert G. Taub